



March 31, 2006

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Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave, NW
Washington, DC 20551
Docket No. OP-1248

Re: CRE Lending Guidelines
Docket No. OP-1248

Dear Ms. Johnson,

I want to briefly comment on the proposed CRE guidelines. I ask you not to adopt these new guidelines for the following reasons:

- Many banks like mine are in markets where commercial and speculative real estate lending are our “bread and butter”. We have little else in lending opportunities to support earnings to safeguard our capital.
- I have spent 38 years in banking in the North Atlanta market. My lenders and I have grown up as bankers in this market and most of our expertise as lenders is in CRE. Surely you don’t mean to behoove us to go out and start making types of loans that we have much less knowledge about.
- We underwrite all our CRE loans conservatively and thoroughly and lend only to the well established developers and builders in our market. I am aware that a small number of banks may not be doing as good a job as we are but address these problems on a case by case basis and please don’t penalize my bank for the misdeeds of others.
- Statistics on our Atlanta market clearly show that we are not over built and that our real estate prices have risen modestly compared to other markets. Rather than trying to paint with such a broad brush as the new guidelines would do, use the regulatory examination process to closely scrutinize the banks in particular markets that show signs of pending “bubbles”.
- You already have at your fingertips present lending standards and regulations to enforce and address unsafe lending practices at problem banks. You don’t need these new guidelines.
- Community banks would be at an unfair disadvantage compared to larger regional banks that have more opportunity to be more geographically diverse and to lend to more diverse business customers.

I urge you to spend much more time researching and looking for a more suitable solution to what is surely not an industry wide problem, but one of particular local markets and particular banks who may not be doing as good a job in CRE lending as they would if they were closely adhering to the regs and guidelines already in place. Please do not adopt these new CRE guidelines.

Sincerely,

Spence Hoard
EVP & CCO

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